

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 64855 / July 11, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14459**

**In the Matter of**

**Janney Montgomery Scott  
LLC,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT OF  
1934, MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Janney Montgomery Scott LLC (“Janney” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Janney has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Janney's Offer, the Commission finds that:

#### Summary

1. From at least January 2005 through July 2009, Janney, a dually-registered broker-dealer and investment adviser, failed to adequately establish, maintain and enforce policies and procedures reasonably designed, taking into consideration the nature of its business, to prevent the misuse of material, nonpublic information.

2. In September 2005, Janney distributed separate written policies and procedures for its Equity Capital Markets ("ECM") division, which oversaw its equity sales, trading, syndicate and research. Those policies and procedures known as the ECM Compliance and Supervisory Manual ("ECM Manual") also governed Janney's Investment Banking group, which is part of the Capital Markets division. As late as July 2009, parts of the ECM Manual, as posted for the use of Janney's employees, were incomplete.

3. Janney's implementation of its policies and procedures was deficient in a number of ways. In some instances, Janney did not enforce the policies and procedures in the ECM Manual and therefore, employees and managers did not understand their responsibilities or what policies were actually in place. In other instances, Janney did not follow the policies and procedures as written. These failures led to inadequate implementation and enforcement of the firm's written compliance policies and procedures.

4. In January 2009, the Commission's examination staff began conducting a review of Janney ("2009 examination"). In the course of conducting the examination, the exam staff found additional compliance areas in which certain other ECM policies and procedures were not being fully followed, enforced or maintained.

#### Respondent

5. Janney Montgomery Scott LLC is a limited liability corporation with its principal place of business in Philadelphia, Pennsylvania. Janney has been registered with the Commission as an investment adviser since 1971 and as a broker-dealer since 1936. Janney is an independently operated subsidiary of one of the largest mutual insurance companies in the United States. Janney is one of Philadelphia's oldest broker-dealers. Janney has over 100 branch offices with the majority in various locations along the East Coast.

#### Facts

##### **A. Janney's ECM Policies and Procedures**

6. As of October 2004, Janney had no written policies and procedures for ECM, which encompassed its equity sales, trading, syndicate and research departments, separate from

those applicable to Janney's other departments. At that time, the then-Chief Compliance Officer asked Compliance Counsel who had been hired to draft Janney's retail policies and procedures also to draft the first ECM Manual that would separate and improve the procedures applicable to ECM. This ECM Manual would among other things, govern the information barrier between the Investment Banking and Research departments, which is designed to prevent the possible exposure to, and disclosure of, material nonpublic information.

7. When she began to draft the ECM Manual in January 2005, the Compliance Counsel sought input from the former head of Investment Banking, the former head of ECM and the head of Research. ECM Compliance Counsel also asked the heads of these departments to review and comment on her draft of the ECM Manual. They did so throughout the process.

8. The Compliance Counsel held at least one informational and question and answer session with employees of ECM to familiarize them with the new policies and procedures in the ECM Manual.

9. The Compliance Counsel resigned in August 2005, prior to completing the ECM Manual.

10. In September 2005, the ECM Manual was placed on Janney's internal website, The Source, for its employees. In pertinent part, the ECM Manual contained two key sections, which were complete and operational. The first, "Managing Conflicts of Interest: Between Research, Investment Banking and Trading Desk," governed analyst-banker communications, the firewall policy and gatekeeper procedure, the prohibition of investment banking services in connection with pitches, solicitations, marketing and/or road shows by Research. The second, "Chinese Wall Policy and Procedure to Prevent Misuse of Material Nonpublic Information," governed the Watch List procedure, the Information Wall between Investment Banking and Research and the trading surveillance and review procedure. The Watch List was a nonpublished, nondistributed list that, among other things, enumerated the companies that Investment Banking was actively advising and was used to identify those securities where the potential for insider trading existed.

**B. Janney Did Not Enforce or Maintain the Policies and Procedures in the ECM Manual**

**1. Janney's Chaperone Process**

11. The ECM Manual provided that, "Investment Banking personnel may seek, in the presence of the Designated Legal/Compliance Personnel" the view of the Research Department on the merits of a proposed transaction, a potential candidate for a transaction, and market and industry trends, conditions or developments. Individual companies could be discussed if the request was not made for the purpose of the analyst identifying a specific potential transaction or it was consistent with the type of communications an analyst could have with investing customers. Research had to provide any responses in the presence of the "Designated Legal/Compliance Personnel." "Designated Legal/Compliance Personnel" meant a member of

the Compliance Department or the Legal Department. No other personnel were permitted to chaperone meetings.

12. Beginning in January 2005, the Compliance Counsel required any banker who wanted to speak with an analyst to send her an email requesting a chaperoned meeting and detailing the substance of the proposed discussion. She used the substance described in the email as parameters for what she expected would be discussed at the meetings (and allowed for discussion) and as a way to memorialize the meeting. She also prepared for the meeting by familiarizing herself with the companies to be discussed in the chaperoned meeting and the companies in the market segments that the analyst covered.

13. In May 2005, in contravention of the ECM Manual, and without the required approval of the Compliance Counsel, the heads of the Janney Research and Investment Banking departments held at least one meeting with other Janney banking and research personnel to discuss business strategy without a compliance person present. There also was at least one instance where Compliance Counsel reprimanded investment banking personnel for repeatedly disregarding the ECM Manual by contacting research personnel directly, and outside of the chaperoned process, for information.

14. Following the Compliance Counsel's departure in August 2005, another compliance member (the "Former Compliance Chaperone") assumed responsibility for chaperoning meetings.

15. The Former Compliance Chaperone also was in charge of compiling the Watch List during his tenure. The Former Compliance Chaperone's practices were less rigorous than those of his predecessor: he did not take any steps to learn about the deals on the Watch List, was generally unaware of what industry segments the analysts covered and did not gather any information about the potential companies to be discussed before the meeting.

## **2. Janney Did Not Follow the Chaperone Process Set Forth in the ECM Manual**

16. In the fall of 2005, Janney began using research analysts' expertise to help investment bankers explore new business opportunities. In addition, members of Investment Banking and Research met every two weeks to compare notes regarding personal relationships with companies, the historic relationship between the company and the analyst who covered it, and "personal color" on the company.

17. The ECM Manual was not revised to take into consideration the new uses of analysts in these roles, the impact it had on the nature of Janney's business and what policies and procedures were necessary to prevent the possible misuse of material, nonpublic information.

18. In January 2006, a junior Janney investment banker advising a biometric company on a pending merger had a chaperoned conversation with a Janney analyst who covered this company. During the conversation, the investment banker asked for "color" regarding two companies' quarter-to-quarter earnings history so that he could test his projections against that

history. One of those companies was the company that Janney was advising, and the other was a company in that biometric space. Although his responsibilities included monitoring the Watch List on which the company in the merger transaction appeared, the Former Compliance Chaperone was not aware that Investment Banking was advising this company in the pending merger and acquisition and was not aware that the analyst specifically covered both companies.

19. Firm telephone records show that during the pendency of the deal, the analyst and members of Investment Banking had at least one 14 minute call outside of the previous documented chaperoned meeting. No one could recall whether this call was chaperoned. Due to the Former Compliance Chaperone's poor documentation of the meetings, there are no notes or emails memorializing any request for a chaperoned meeting for this call.

20. During the pendency of the deal, the same analyst was also making phone calls to, and having conversations with, senior employees of the two companies involved in the merger as part of his analyst duties.

21. The analyst was not brought over the Information Wall and/or segregated at any point during the pendency of the deal.

22. In early 2006, Janney implemented a new strategic marketing plan in which it used its research analysts to help to solicit trading business by having the analysts attend meetings with institutional salespersons and customers. As a result, four business days after the chaperoned meeting and three business days after the 14 minute telephone call, the analyst recommended the stock of the company advised by Janney in the pending merger and acquisition to at least three institutional clients. These clients bought the stock of the company immediately after the meeting. The following day, there was a public announcement of a merger, and the stock price of the company acquired (and advised by Janney) increased.

23. In February 2006, Janney hired a new Capital Markets Compliance Manager (the "Former Compliance Manager"). Beginning in February 2006, the Former Compliance Manager added to the Former Compliance Chaperone's practices. Specifically, he educated the Former Compliance Chaperone about "Watch List candidates, Watch List entries, chaperoning and a determination as to what the purpose of the meeting was." The Former Compliance Chaperone left the firm in December 2006.

24. At times, in contravention of the ECM Manual, the former head of Investment Banking and the head of Research chaperoned meetings. The Former Compliance Manager, the Former Compliance Chaperone and the Compliance Counsel denied awareness of this practice.

25. In addition, Janney failed to properly maintain and enforce its email communication firewall procedures. In at least one instance, over a several year period, investment bankers were able to breach the firewall and directly email research department employees, posing a risk that material nonpublic information could be exchanged and misused. Specifically, in January 2005, investment bankers were able to email individuals in Research. Janney was aware of this breach of the firewall by at least June 2008, when the staff raised the

concern with the firm. Referring to tests of the firewall, the Former Compliance Manager testified in 2009 that its firewall “wasn’t as efficient as [Janney] had thought” and that he believed that there were still breaches occurring in the firewall in 2009 because it was “still not fully implemented.”

**C. Janney Failed to Establish Adequate Policies and Procedures Reasonably Designed to Prevent the Misuse of Material, Nonpublic Information**

26. Beginning in approximately 2006 or 2007, ECM Compliance updated and circulated the Watch List within ECM Compliance once a week to monitor Janney’s proprietary trading in any of the stocks of the companies on the Watch List, as well as any employee trading. ECM Compliance monitored proprietary trading and employee trading by running an exception report to identify trading in companies on the Watch List on a T+1 basis.

27. During this same time period, unless a formal chaperoned meeting was requested, no one within ECM Compliance monitored contacts between investment bankers and research analysts.

28. Janney failed to adequately monitor trading in the securities of firms on the Watch List. Janney’s stated policy was that all employees must keep their trading accounts at Janney; however, as late as 2009, the Former Compliance Manager admitted that granting permission to keep accounts away from the firm was “too frequent.” He further acknowledged that this practice made monitoring of improper trading activity more difficult than if the accounts were required to be kept at the firm, as was the policy, because trading activity could not be monitored as quickly.

29. After February 2006, Janney required certain employees to get pre-clearance before they could trade in any stock. The 2009 examination revealed, however, that in contravention of the firm’s procedures, Janney permitted an ECM Compliance employee to conduct the supervisory reviews of the pre-clearance trades without being a registered principal. The 2009 examination also revealed that investment bankers were able to trade without pre-clearance as late as July 2009.

30. The 2009 examination also found that Janney’s Capital Markets Employee and Principal Compliance Manual (“CMEPC Manual”), one of many other manuals used within ECM, required its employees to submit an “Annual Employee Questionnaire” and an “Employee and Employee-Related Account Initial and Annual Disclosure Form” which would disclose the existence of employee outside accounts. In contravention of the firm’s procedures, in several instances, Janney failed to obtain and/or failed to timely obtain completed questionnaires and disclosure forms. As a result, the firm was not aware of, and could not review, certain employees’ outside account transactions.

31. The 2009 examination likewise found that in several instances, despite being aware of outside accounts held by employees, Janney failed to request and review the account activity.

32. Until 2007, the Private Client Group/Retail Compliance – a separate compliance function within Janney – received trade confirmations for outside accounts of people who worked in ECM. Janney could not establish that ECM Compliance regularly compared these trade confirmations with the Watch List to see if any improper trading occurred. ECM Compliance also did not receive the account statements and therefore, there was no monitoring of overall trading strategy or trading patterns.

33. It was not until 2008, and then only at the end of each month, that someone from ECM Compliance gathered the account statements of the ECM employees who had accounts away from Janney from the Private Client Group and performed a comparison of any trades in the stocks of companies on the Watch List. The 2009 examination also revealed that a business supervisor, who did not have access to the Watch List, reviewed retail registered representatives' outside accounts. He, therefore, was unable to determine if improper trading occurred.

34. As a result of the conduct described above, Janney willfully violated Section 15(g) of the Exchange Act of the 1934<sup>1</sup> which requires every registered broker or dealer to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of the broker's or dealer's business, to prevent the misuse of material nonpublic information.

### **Legal Discussion**

35. Section 15(g) of the of the Exchange Act requires brokers and dealers registered with the Commission to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such broker's or dealer's business, to prevent the misuse, in violation of the Exchange Act or the rules or regulations thereunder, of material, nonpublic information by such broker or dealer or any person associated with such broker or dealer.

36. Section 15(g) was originally enacted as Section 15(f) of the Exchange Act in 1988 as part of the Insider Trading and Securities Fraud Enforcement Act. Broker-dealers must be cognizant of their duties under Section 15(g), particularly as their businesses evolve and as they experience personnel changes in compliance and management. The Commission has made clear that the requirement that broker-dealers implement and maintain policies and procedures consistent with the nature of its business "is critical to effectively preventing the misuse of material, nonpublic information." See, e.g., In re Gabelli & Co., Inc., Exchange Act Rel. No. 35057, 1994 SEC LEXIS 3744 at \*11 (Dec. 8, 1994). The Commission also has consistently made clear that broker-dealers must take seriously their responsibilities to design and enforce sufficiently robust policies and procedures to prevent the misuse of material, nonpublic information. Where they have failed to do so, the Commission has repeatedly issued sanctions against the firms. See, e.g., In re The Buckingham Research Group, Inc., Exchange Act Rel. No.

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<sup>1</sup> Section 15(g) of the Exchange Act was formerly Section 15(f). The provision changed following the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010.

63323, SEC LEXIS 3830 (Nov. 17, 2010) (finding 15(f) violation where Buckingham and its subsidiary failed to enforce procedures requiring its senior portfolio analysts, who had strong relationships with industry insiders, to report “all business, financial or personal relationships that may result in access to material, nonpublic information.”); In re Merrill Lynch, Pierce, Fenner & Smith, Inc., Exchange Act Rel. No. 59555, SEC LEXIS 613541 (March 11, 2009) (finding 15(f) violation where Merrill Lynch failed to limit or monitor traders’ access to the equity squawk box which broadcast material, nonpublic information); In re Morgan Stanley & Co., Exchange Act Rel. No. 54047, SEC LEXIS 1465 (Jun. 27, 2006) (finding 15(f) violation where Morgan Stanley failed to conduct Watch List surveillance over a 4 year period); In re Banc of America Securities LLC, Exchange Act Rel. No. 55466, SEC LEXIS 492 (March 14, 2007) (finding 15(f) violation where Banc of America failed to establish and enforce policies and procedures to protect against the misuse of material, nonpublic research information); In re Goldman Sachs & Co., Exchange Act Rel. No. 48436, SEC LEXIS 2100 (Sept. 4, 2003) (finding 15(f) violation where Goldman Sachs failed to prevent the misuse of material, nonpublic information potentially obtained by its paid outside consultants); In re Gintel Asset Management, Inc., Investment Advisers Rel. No. 2079, SEC LEXIS 2868 (Nov. 8, 2002) (finding 15(f) violation where the broker-dealer owned by Gintel failed to have adequate procedures to prevent Gintel from trading while in possession of material nonpublic information); In re Guy P. Wyser-Pratte, Exchange Act Rel. No. 44283, SEC LEXIS 885 (May 9, 2001) (finding 15(f) violation where broker-dealer failed to establish policies and procedures reasonably designed to prevent the misuse of material, nonpublic information where the owner of the firm was exposed to material, nonpublic information on a regular basis and made all of the trading decisions for the investment management company); In re Certain Market Making Activities on NASDAQ, Exchange Act Rel. No. 40910, SEC LEXIS 59 (Jan. 11, 1999) (finding 15(f) violation where J.P. Morgan Securities, Inc. failed to establish policies and procedures reasonably designed to prevent the misuse of material, nonpublic information where traders were required to make their own determination as to whether they had been exposed to material, nonpublic information); In re Friedman, Billings and Ramsey & Co., Exchange Act Rel. No. 19950, SEC LEXIS 3009 (December 20, 2006) (finding 15(f) violation where FBR’s policies and procedures were not appropriately tailored to FBR’s business, in connection with serving as placement agent for PIPE offerings and were not enforced); and In re Fox-Pitt Kelton, Inc., Exchange Act Rel. No. 37940, SEC LEXIS 3219 (Nov. 12, 1996) (finding 15(f) violation where Fox-Pitt failed to have and enforce procedures reasonably designed to prevent sales persons and analysts from trading or recommending trading on material, nonpublic information).

37. Accordingly, as a result of its failure, from at least 2005 through July 2009, to adequately establish, enforce or maintain written policies and procedures reasonably designed, given the nature of its business, to prevent the misuse of material, nonpublic information, Janney willfully violated Section 15(g) of the Exchange Act.

### **Undertakings**

38. Janney has undertaken to:

A. Retain, at Janney's expense and within sixty (60) days of the issuance of this



Order, a qualified independent consultant (the “Consultant”) not unacceptable to the staff of the Division of the Enforcement (the “staff”) to conduct a comprehensive review of Janney's policies, practices and procedures relating to Section 15(g) of the Exchange Act , including: (1) the prevention of the misuse of material, nonpublic information as required, for Janney, by Section 15(g) of the Exchange Act, taking into consideration the nature of Janney’s ECM business; (2) Janney’s ECM policies and procedures relating to: (i) the nature of its equity capital markets business; (ii) its training procedures for chaperones and its chaperoning processes; (iii) its Information Wall policies and procedures and when parties should be brought over the Information Wall; and (iv) its use of a Watch or Restricted List;

- B. Ensure that Consultant prepares written reports, referenced below, reviewing the adequacy of Janney’s policies, practices and procedures and making recommendations regarding how Janney should modify or supplement its policies, practices and procedures, taking into consideration the nature of its business, to prevent the misuse of material, nonpublic information in compliance with Section 15(g) of the Exchange Act;
- C. Provide a copy of the engagement letter detailing the Consultant's responsibilities to Colleen K. Lynch, Assistant Regional Director, Philadelphia Regional Office, U.S. Securities and Exchange Commission, 701 Market Street, Suite 2000, Philadelphia, PA 19106;
- D. Cooperate fully with the Consultant, including providing the Consultant with access to its files, books, records, and personnel as reasonably requested for the above-mentioned review, and obtaining the cooperation of its employees or other persons under its control;
- E. Require the Consultant to report to the Commission staff on his/her activities as the staff shall request;
- F. Permit the Consultant to engage such assistance, clerical, legal or expert, as necessary and at reasonable cost, to carry out his/her activities, and the cost, if any, of such assistance shall be borne exclusively by Janney;
- G. Within one hundred and twenty (120) days of the issuance of the Order, unless otherwise extended by the staff for good cause, Janney shall require the Consultant to complete the review, described in subparagraph A. above, and prepare a written Preliminary Report, described in subparagraph B. above, that: (i) evaluates the adequacy under Section 15(g) of the Exchange Act of Janney’s policies, practices, and procedures, taking into consideration the nature of its business to prevent the misuse of material, nonpublic information; and (ii) makes any recommendations about modifications thereto or additional or supplemental procedures deemed necessary to remedy any

deficiencies described in the Preliminary Report. The Consultant shall provide the Preliminary Report simultaneously to both the staff (at the address set forth above) and Janney;

- H. Within one hundred and twenty (120) days of Janney's receipt of the Preliminary Report, Janney shall adopt and implement all recommendations set forth in the Report; provided, however, that as to any recommendation that Janney considers to be, in whole or in part, unduly burdensome or impractical, Janney may submit in writing to the Consultant and the staff (at the address set forth above), within thirty (30) days of receiving the Preliminary Report, an alternative policy, practice, or procedure designed to achieve the same objective or purpose. Janney and the Consultant shall then attempt in good faith to reach an agreement relating to each recommendation that Janney considers unduly burdensome or impractical and the Consultant shall reasonably evaluate any alternative policy, practice, or procedure proposed by Respondent. Within fourteen (14) days after the conclusion of the discussion and evaluation by Janney and the Consultant, Janney shall require that the Consultant inform Janney and the staff (at the address set forth above) of his/her final determination concerning any recommendation that Janney considers to be unduly burdensome or impractical. Janney shall abide by the determinations of the Consultant and, within sixty (60) days after final agreement between Janney and the Consultant or final determination by the Consultant, whichever occurs first, Janney shall adopt and implement all of the recommendations that the Consultant deems appropriate;
- I. Within fourteen (14) days of Janney's adoption of all of the recommendations that the Consultant deems appropriate, Janney shall certify in writing to the Consultant and the staff (at the address set forth above) that Janney has adopted and implemented all of the Consultant's recommendations and that Janney has established policies, practices, and procedures pursuant to Section 15(g) of the Exchange Act that are consistent with the findings of the Order;
- J. Within one hundred and eighty days (180) days from the date of the certifications, described in subparagraph I. above, Janney shall require the Consultant to have completed a review of Janney's revised policies and procedures and practices and submit a written Final Report to Janney and the staff. The Final Report shall describe the review made of Janney's revised policies, practices and procedures and describe how Janney is implementing, enforcing and auditing the enforcement and implementation of those policies, practices and procedures. The Final Report shall include an opinion of the Consultant as to whether the revised policies, practices and procedures and their implementation and enforcement by Janney's auditing of the implementing and enforcement of those policies, practices and procedures are reasonably adequate under Section 15(g) of the Exchange Act;

- K. Janney may apply to the staff for an extension of the deadlines described above before their expiration, and upon a showing of good cause by Janney, the staff may, in its sole discretion, grant such extensions for whatever time period it deems appropriate;
- L. To ensure the independence of the Consultant, Janney shall not have the authority to terminate the Consultant without prior written approval of the staff, and shall compensate the Consultant and persons engaged to assist the Consultant for services rendered pursuant to the Order at their reasonable and customary rates;
- M. Janney shall require the Consultant to enter into an agreement that provides that, for the period of engagement and for a period of two years from completion of the engagement, the Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Janney or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Consultant in the performance of his/her duties under this Order shall not, without the prior written consent of the staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Janney, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such, for the period of the engagement and for a period of two years after the engagement; and
- N. Janney agrees to certify in writing to the staff (at the address set forth above), at the end of the calendar year ended December 31, 2012, that Janney has established and continues to maintain policies, practices, and procedures pursuant to Section 15(g) of the Exchange Act that are consistent with the findings of the Order.

#### IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, to impose the sanctions agreed to in Janney's Offer.

Accordingly, pursuant to 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

- A. Respondent shall cease and desist from committing or causing any violations and any future violations of Section 15(g) of the Exchange Act.
- B. Respondent is censured.

C. Respondent shall, within ten (10) days of the entry of the Order, pay a civil money penalty in the amount of \$850,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Such payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Office of Financial Management, 100 F. Street, NE, Stop 6042, Washington, D.C. 20549; and (D) submitted under cover letter that identifies Janney Montgomery Scott LLC as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Elaine C. Greenberg, Associate Director, Philadelphia Regional Office, U.S. Securities and Exchange Commission, 701 Market Street, Suite 2000, Philadelphia, PA 19106.

D. Respondent shall comply with the undertakings enumerated in Paragraph 38.

By the Commission.

Elizabeth M. Murphy  
Secretary